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Public Service Commission

August 15, 1996

BY FEDERAL EXPRESS

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

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AUG 16 1996
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Re: CC Docket No. 95-116 - Telephone Number Portability.

Dear Mr. Caton:

Enclosed are the original and seventeen copies of the Florida Public Service Commission's comments in the above docket in response to the July 2, 1996 Further Notice of Proposed Rulemaking. Please date-stamp one copy and return it in the enclosed self-addressed stamped envelope. We are also forwarding a hard copy, plus diskette, of our comments to Wanda M. Harris of the Common Carrier Bureau.

Sincerely,

A handwritten signature in black ink, appearing to read "Cynthia B. Miller".

Cynthia B. Miller
Associate General Counsel

CBM/jb
Enclosure

cc: International Transcription Service
2100 M Street, NW
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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of:)

Telephone Number Portability)

) CC DOCKET NO. 95-116
)
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)

SUMMARY OF COMMENTS

The Florida Public Service Commission's recommendations may be summarized as follows:

Shared Industry Costs:

Costs should be recovered in a manner consistent with the scope of the database. Costs should be recovered from all carriers operating in areas where number portability is provided, based on gross telecommunications revenues net of payments to other carriers. The phrase "area where number portability is provided" should be defined as a state.

Direct Carrier-Specific Costs:

All carriers in a given state where number portability is provided should pool their number portability costs, and these costs should in turn be allocated back to all carriers on some basis.

Indirect Carrier-Specific Costs:

Carrier-specific costs which are not solely attributable to number portability should be borne by the individual carriers as network upgrades.

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Telephone Number Portability)	CC DOCKET NO. 95-116
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_____)	

COMMENTS OF THE FLORIDA PUBLIC SERVICE COMMISSION

On July 2, 1996, the Federal Communications Commission (FCC) issued its First Report and Order and Further Notice of Proposed Rulemaking in the matter of telephone number portability. In the Further Notice of Proposed Rulemaking (Notice), the FCC requested comments regarding cost recovery for long-term number portability. The Florida Public Service Commission (FPSC) is pleased to provide comments on this subject. We have organized our comments to follow, as closely as possible, the structure and paragraph numbering of the Notice.

Introduction

In the Notice, the FCC describes three types of costs that are involved in providing long-term service provider portability. These three types can be characterized as follows: (1) shared industry costs, (2) direct carrier-specific costs, and (3) indirect carrier-specific costs. The FPSC believes that section 251(e)(2) of the Telecommunications Act of 1996 (Act) requires that shared

COMMENTS OF THE FLORIDA PUBLIC SERVICE COMMISSION
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industry costs and direct-carrier specific costs be recovered by all telecommunications carriers. (§ 208, 209)

To provide assurance that the cost recovery mechanism for long-term number portability is competitively neutral, the FCC is recommending the same principles as established for interim number portability. These principles are as follows:

- (1) a competitively neutral cost recovery mechanism should not give one service provider an appreciable, incremental cost advantage over another service provider, when competing for a specific subscriber; and
- (2) a competitively neutral cost recovery mechanism should not have a disparate effect on the ability of competing service providers to earn a normal return.

Both principles appear reasonable although we do have a point of clarification on the second principle. A competitively neutral cost recovery mechanism could satisfy the first principle, and yet impinge on the ability of less efficient providers to earn a normal return. In a competitive environment, there is a fundamental premise that marginal service providers may not earn a normal return and may not be able to survive in the long run. We agree with the FCC that the pricing for any state-specific solutions should be governed by the above principles. (§ 210, 211)

Costs of Facilities Shared by All Carriers for the Provision of Number Portability

The FPSC supports the FCC's tentative conclusion to recover shared industry costs for the provision of number portability from all telecommunications carriers in proportion to each carrier's total gross telecommunications revenues minus charges paid to other carriers. This method appears superior to allocating costs based on access lines in that it recognizes both number of customers and customer value. Costs should be recovered in a manner consistent with the scope of the database, and carriers should be allowed to recover their portion of shared industry costs from customers however they deem appropriate, subject to any state regulatory constraints (e.g., price caps). (§ 212, 213)

In the Notice the FCC subdivides shared industry costs into non-recurring costs, recurring costs, and costs for uploading, downloading, and querying number portability database information. We recommend that each of these three sub-categories of cost be recovered from all carriers (including IXCs and CMRS providers) operating in areas where number portability is provided, based on gross telecommunications revenues net of payments to other carriers. Cost recovery based on use does not seem reasonable in this context. With number portability, database use is often not

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a function of desire, but necessity. Consequently, we view these shared industry costs much like a cost of doing business in those areas where number portability is provided. This interpretation is also consistent with section 251(e)(2) of the Act which requires that the cost of establishing number portability be borne by all telecommunications carriers on a competitively neutral basis.

(¶ 215 - 219)

By restricting cost recovery to those carriers operating in areas where number portability is provided, carriers operating outside of these areas will not be burdened with costs which are unrelated to their operations. There is a question of how best to define areas in which number portability is provided. We recommend that this area be defined as a state since the revenue data needed for cost allocation purposes would not likely be available at a lower level. (¶ 215 - 219)

Direct Carrier-Specific Costs to Implement Number Portability

Of the two methods for allocating carrier-specific costs, the FPSC recommends a variant of the second approach in which all carriers in a given state (as opposed to region) would pool their number portability costs, and these costs would in turn be allocated back to all carriers on some basis. This method appears

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preferable to the first option which requires individual carriers to bear their own costs. In the early stages of local competition, most number porting will be from the incumbent local exchange companies (LECs) to entrants, which means that the incumbent will incur a disproportionate amount of the cost, while the entrants will receive a disproportionate amount of the benefit. While pooling approaches can act to deter efficiency, we believe the risk is slight in this case. Whether the pooled costs are allocated based on some measure of revenues or subscriber lines, the incumbents will still pay a large percentage of these costs and therefore, have an incentive to implement number portability in the most efficient manner. As with the shared industry costs, carriers should be allowed to recover their portion of direct carrier-specific costs in whatever fashion they deem appropriate, subject to any state regulatory constraints. (§ 221, 222)


Indirect Carrier-Specific Costs to Implement Number Portability

Carrier-specific costs which are not directly related to number portability should be borne by the individual carriers as network upgrades. Since network upgrades improve the ability of carriers to offer many services besides number portability, we believe such costs should not be considered an incremental

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expenditure attributable to number portability. Consistent with our recommendation on shared industry costs and direct carrier-specific costs, carriers should be allowed to recover their indirect carrier-specific costs in whatever manner they deem appropriate, subject to any state regulatory constraints. (§ 226, 229)

Respectfully submitted,


CYNTHIA B. MILLER
Senior Attorney

FLORIDA PUBLIC SERVICE COMMISSION
2540 Shumard Oak Boulevard
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DATED: August 15, 1996


COMMENTS OF THE FLORIDA PUBLIC SERVICE COMMISSION
CC DOCKET NO. 95-116

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

In the Matter of:)
Telephone Number Portability) CC DOCKET NO. 95-116
_____)

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing
Comments of the Florida Public Service Commission has been
furnished to the attached list of parties this 15th day of August,
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